

First Quarter 2005 Results

Presentation

11 May 2005



- **Results Overview**
- **Performance Trends**
- **Results of Key Subsidiaries**
- **Conclusion**

Net Profit Grew 17% YoY and 8% QoQ

	1Q05	1Q04	YoY	4Q04	QoQ
	S\$m	S\$m	+/(-)%	S\$m	+/(-)%
Net Interest Income	363	365	(0.5)	389	(7)
Non-Interest Income	319	161	98	313	2
- <i>Fee Income</i>	121	115	5	113	6
Total Income	682	526	30	702	(3)
Operating Expenses	(251)	(207)	21	(285)	(12)
Operating Profit	431	319	35	417	3
Amortisation of Intangibles/ Goodwill	(10)	(32)	(69)	(45)	(78)
Provisions	(24)	(20)	19	2	n.m.
Associates	8	47	(84)	2	213
Tax & Minority Interest	(107)	(59)	80	(101)	6
Net Profit	298	255	17	275	8

Key Financial Ratios

	1Q05	4Q04	1Q04
	%	%	%
Net Interest Margin	1.78	1.93	1.90
Non-Interest Income/ Total Income	46.8	44.6	30.6
Cost-to-Income Ratio	36.8	40.6	39.4
Loans-to-Deposits Ratio	86.1	90.5	91.1
NPL Ratio	4.8	5.0	6.7
Provision Coverage	84.1	82.9	69.5
ROE	10.6	10.2	10.6
Cash ROE	11.0	12.0	12.0

Accounting Changes Boosted Equity by S\$0.7bn on 1 Jan 05

	Before Changes*	Effect of FRS 102	Effect of INT FRS 12	Effect of FRS 39	As at 1 Jan 05
	S\$m	S\$m	S\$m	S\$m	S\$m
Share Capital	1,321	-	-	-	1,321
Capital Reserves	3,136	16	(12)	-	3,140
Statutory Reserves	1,934	-	-	-	1,934
Fair Value Reserves	-	-	-	649	649
Revenue Reserves	4,852	(15)	-	(1)	4,836
Minority Interests	489	-	-	26	515
Total Equity	11,731	1	(12)	675	12,395

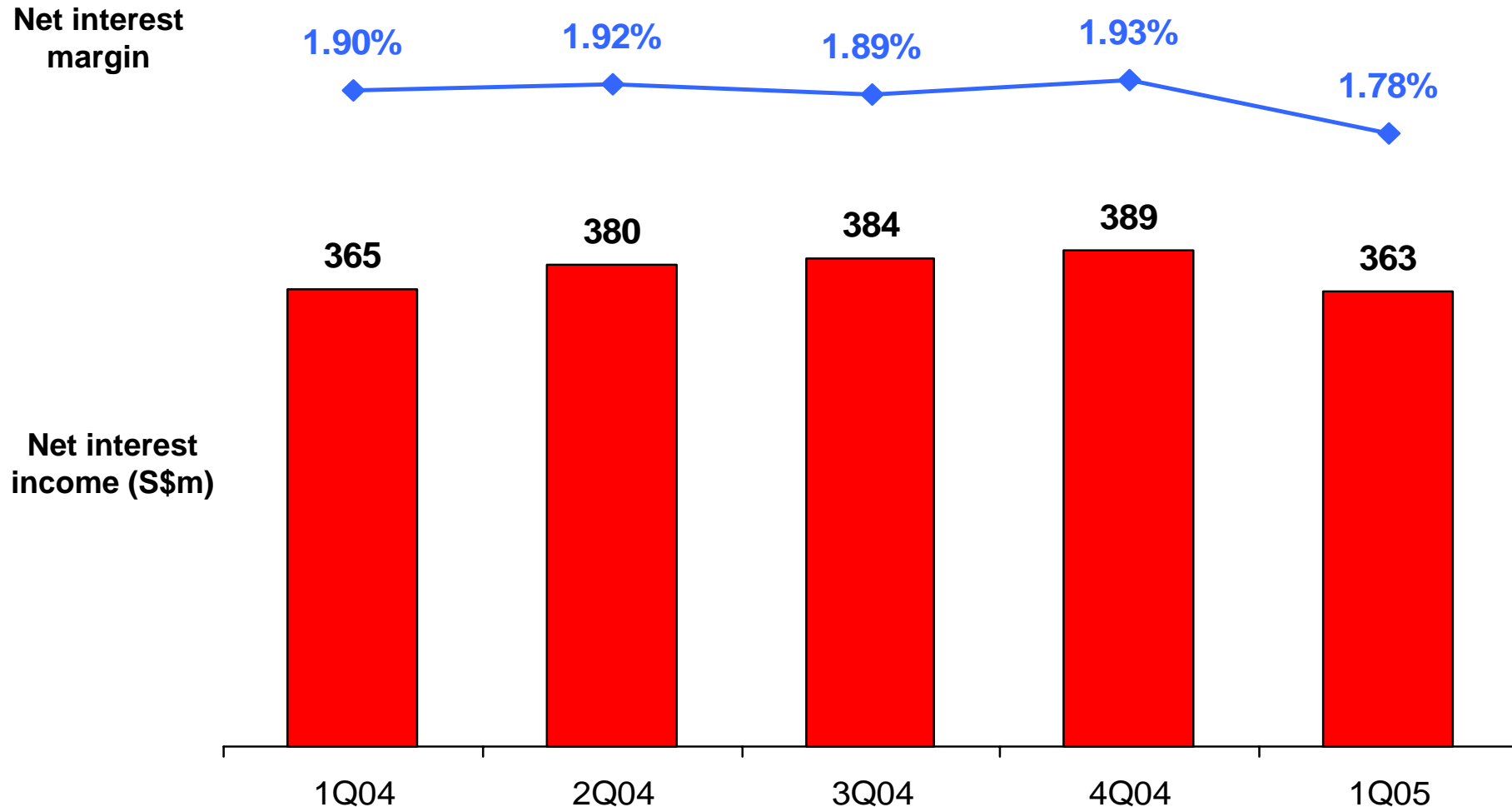
* As at 31 December 2004

Impact of Accounting Changes on 1Q2005 Income Statement

	Effect of FRS 102	Effect of FRS 103	Effect of FRS 39	Total Effects
<u>Impact on Profit</u>	S\$m	S\$m	S\$m	S\$m
Total Income	-	-	(7)	(7)
Operating Expenses	(4)	-	-	(4)
Operating Profit before Provisions	(4)	-	(7)	(11)
Goodwill Amortisation	-	35	-	35
Profit before Tax	(4)	35	(7)	24
Tax	-	-	1	2
Net Profit	(4)	35	(6)	26

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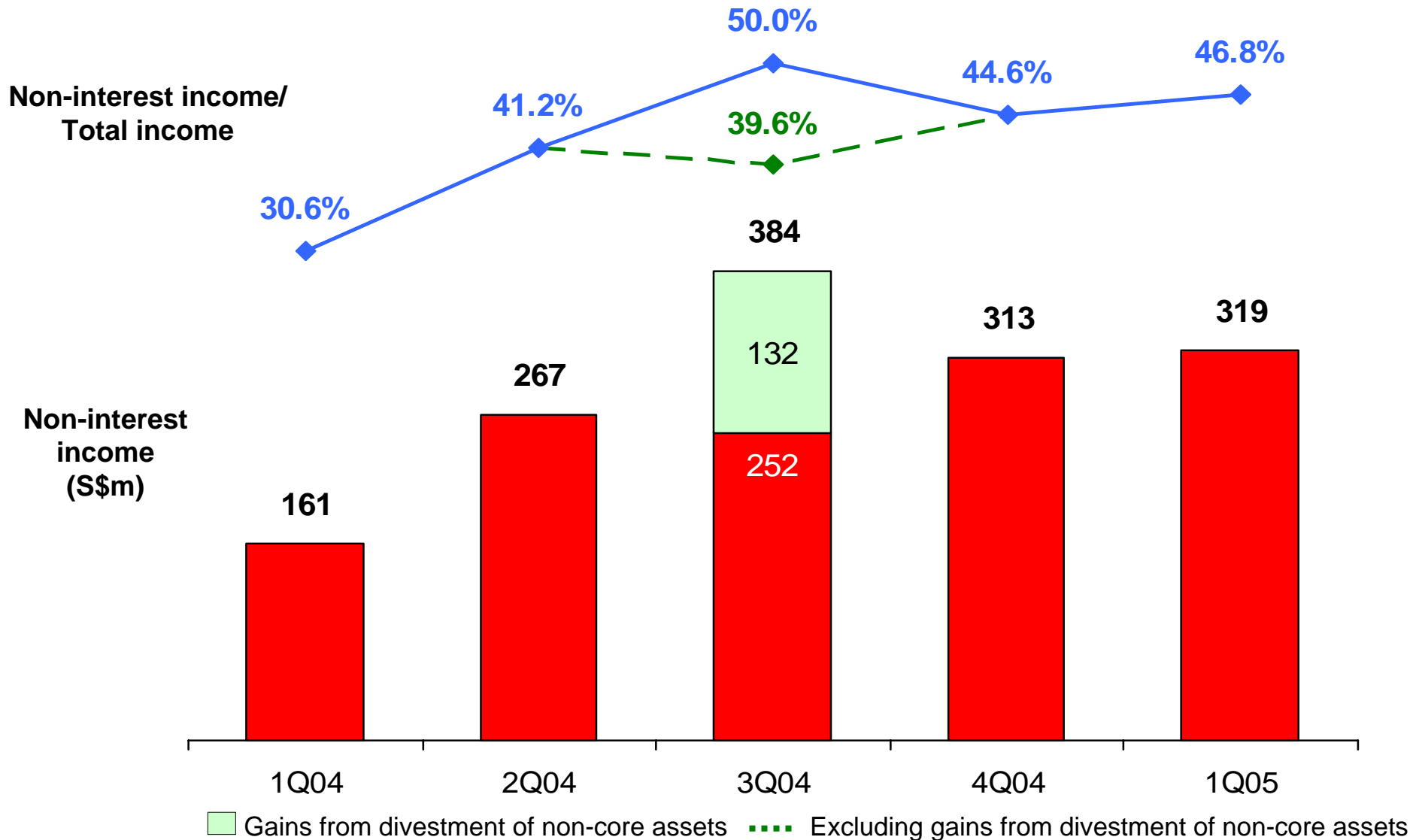
Net Interest Income Affected by Higher Cost of Funds and Limited Gapping Opportunities



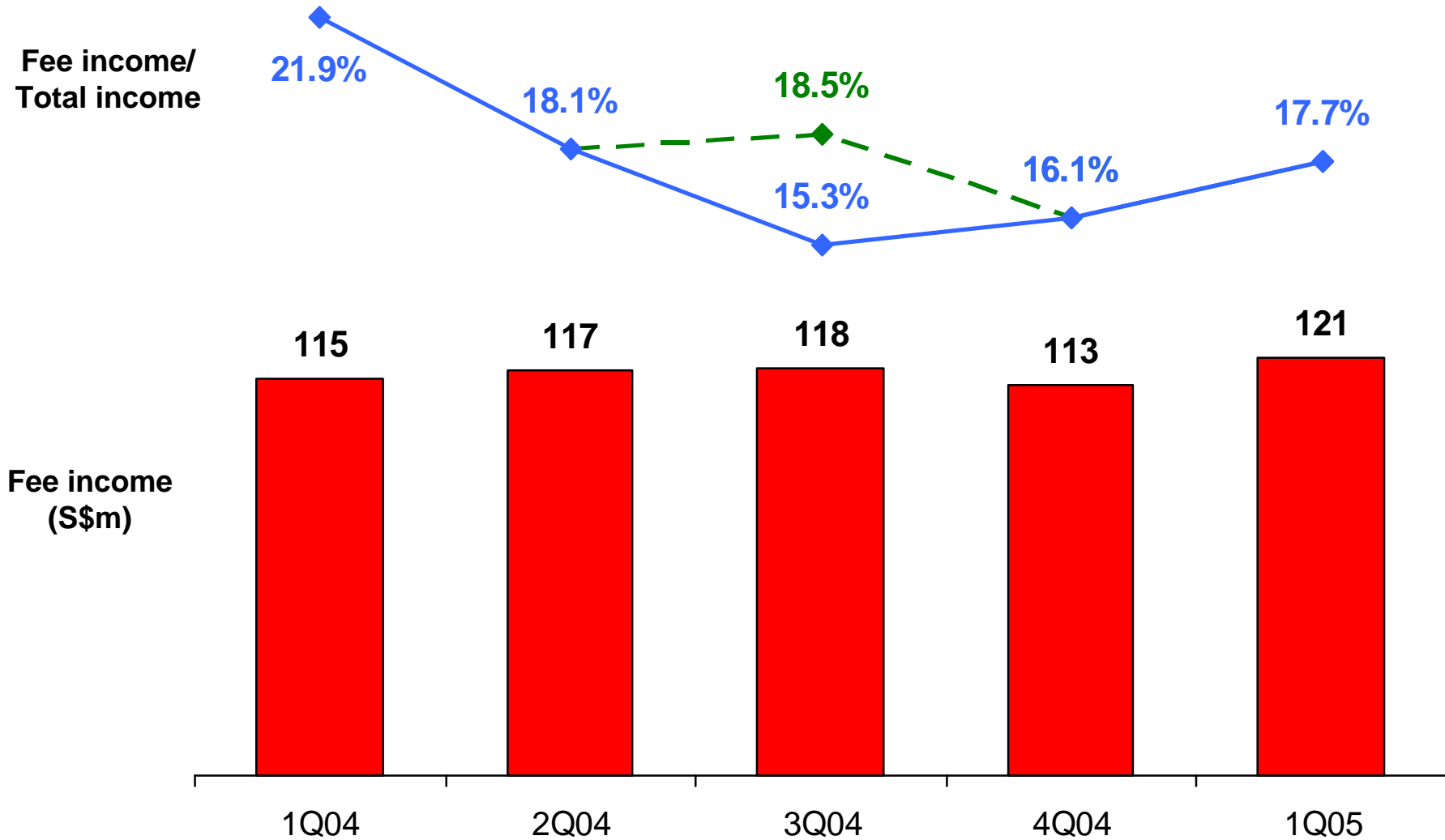
Net Interest Margin Breakdown

<u>First Quarter 2005</u>	Ave Bal	Interest Inc / Exp	Interest Rate		
			Ave Rate	YoY	QoQ
	S\$bn	S\$m	%	bps	bps
Customer loans	51.5	496	3.91	+ 22	+ 6
Placements with Banks	13.9	94	2.76	+ 68	+ 24
Securities/ Others	17.3	122	2.86	+ 70	+ 17
Interest Earning Assets	82.6	712	3.50	+ 39	+ 8
Customer Deposits	58.4	233	1.62	+ 46	+ 20
Bank Deposits	13.0	69	2.17	+ 75	+ 36
Other Borrowings	6.7	47	2.83	+ 39	+ 21
Interest Bearing Liabilities	78.1	349	1.81	+ 53	+ 23
Net Interest Income		363			
Net Interest Margin			1.78	-12	- 15

Non-Interest Income on Steady Upward Trend

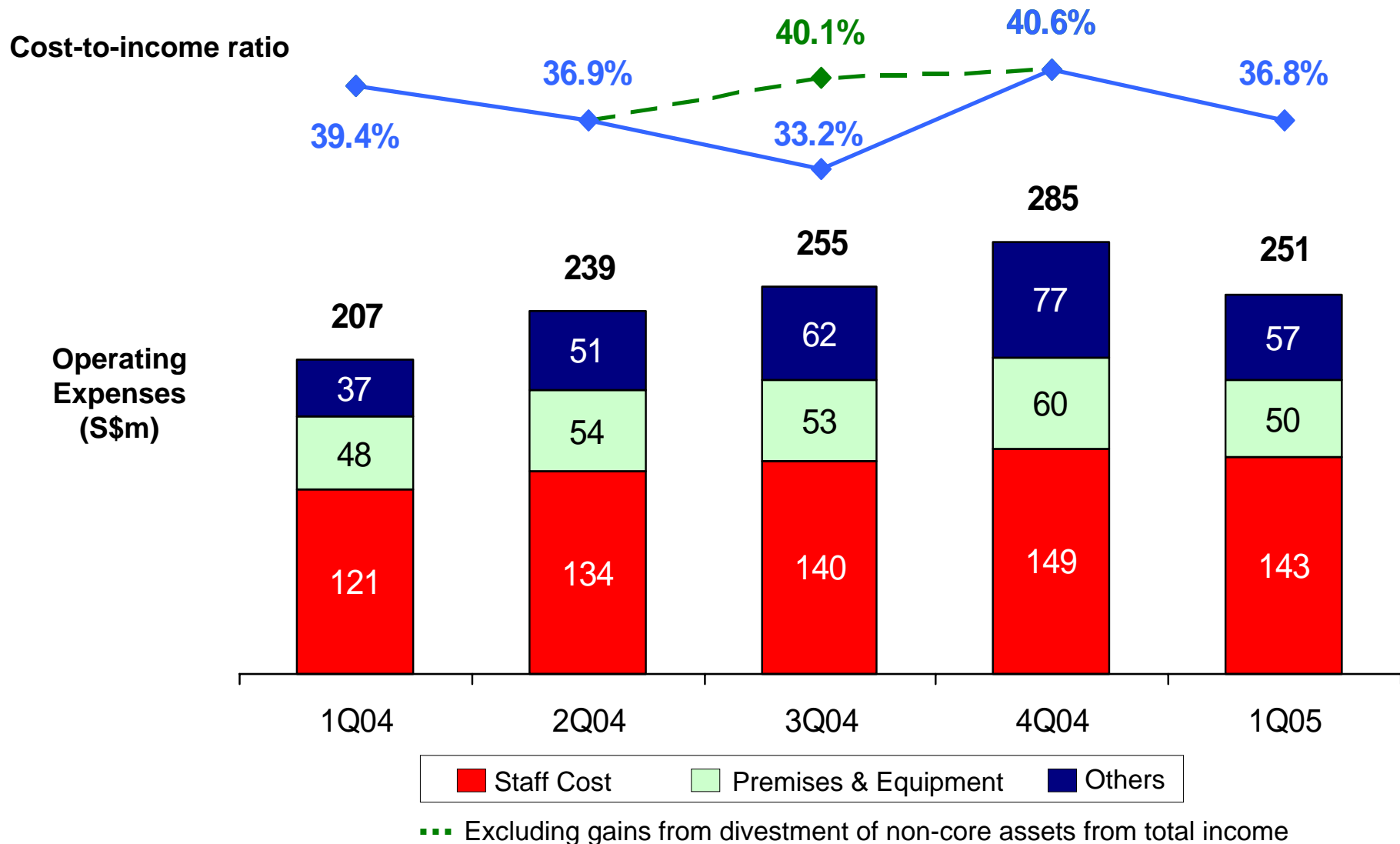


Steady Fee Income Driven by Strong Wealth Management Sales



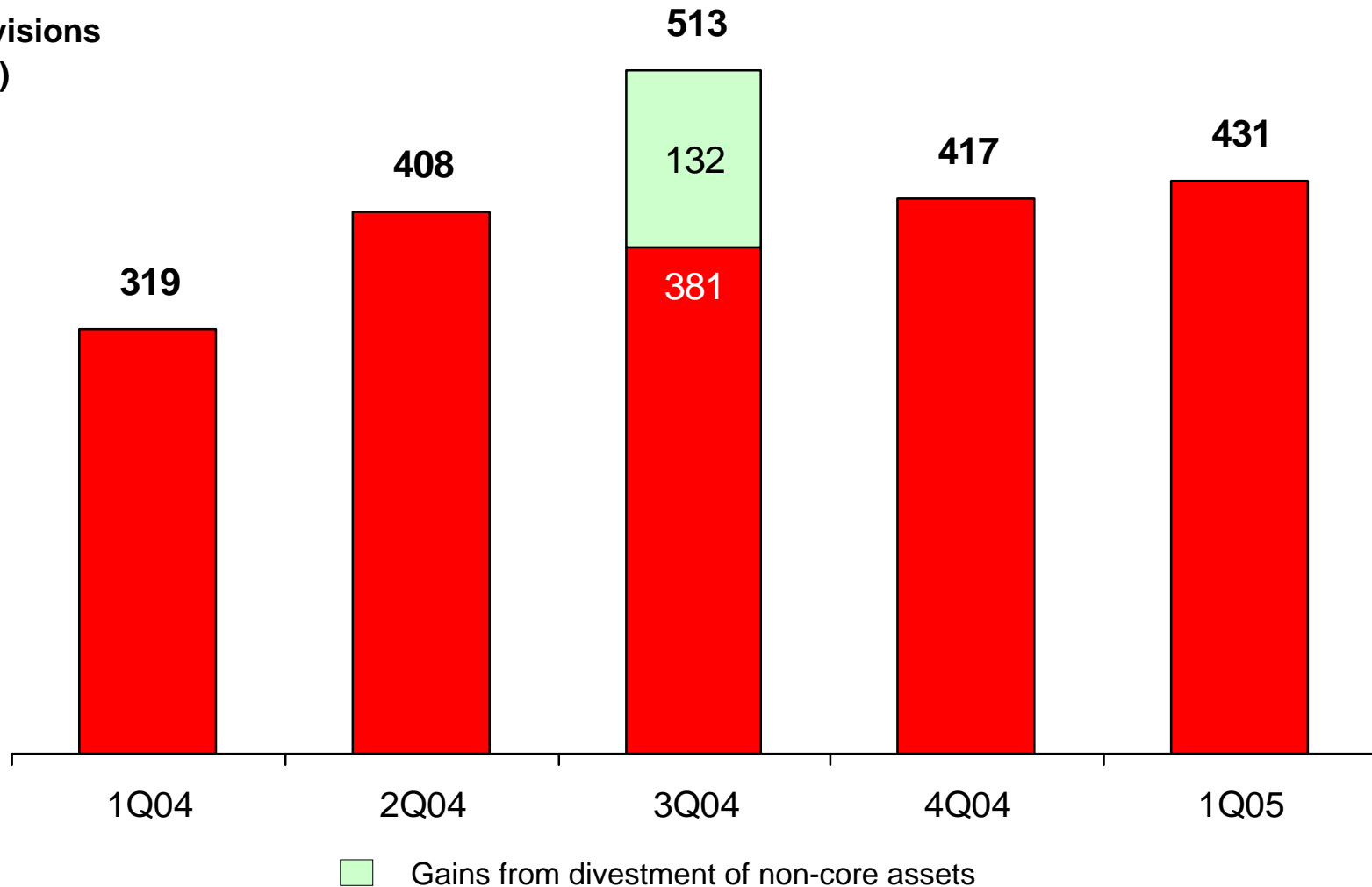
--- Excluding gains from divestment of non-core assets from total income

Expenses Moderated from 4Q04, Cost-Income Ratio Improved



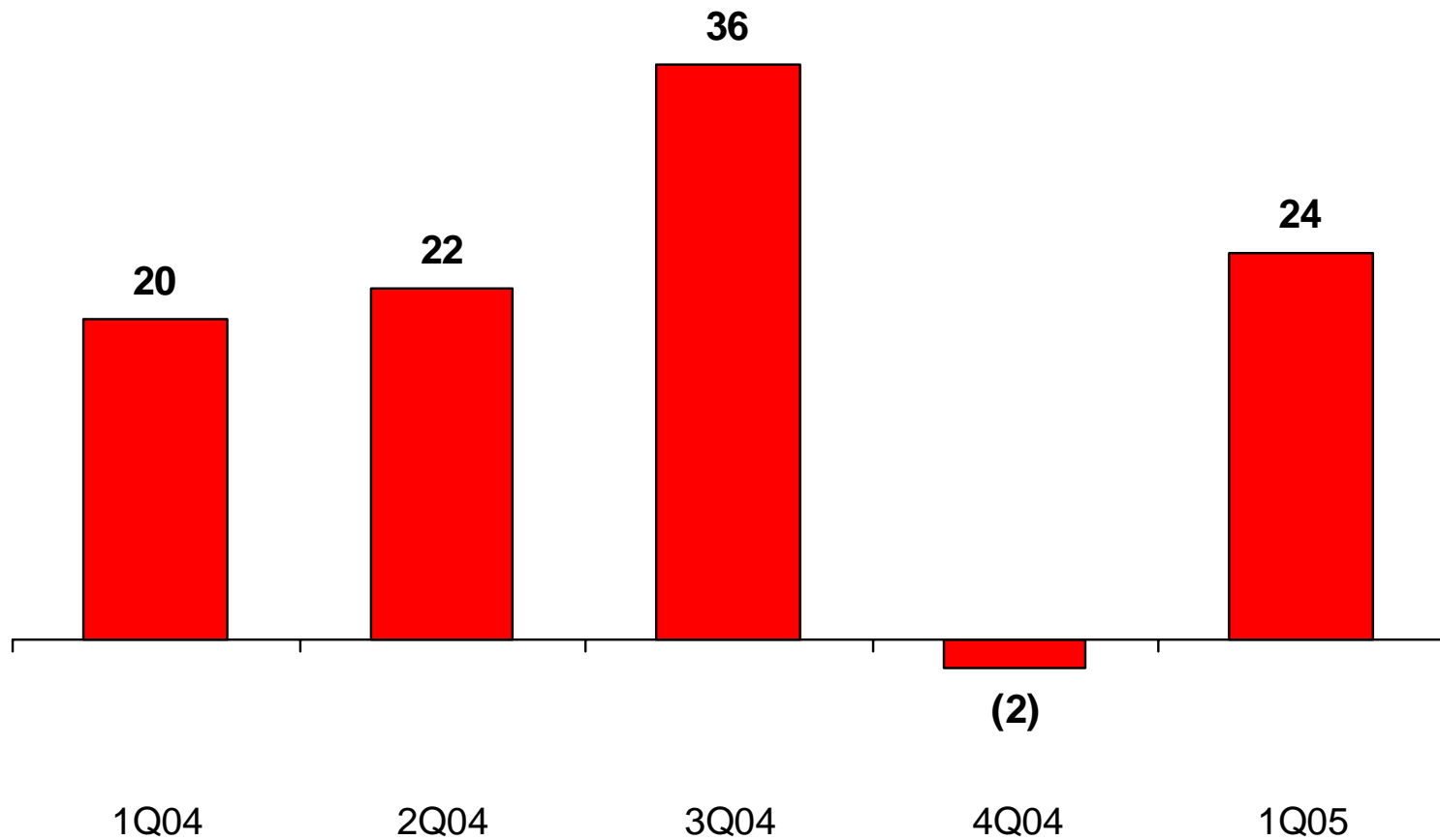
Operating Profit Up 35% YoY, 3% QoQ

Operating Profit
before provisions
(S\$m)



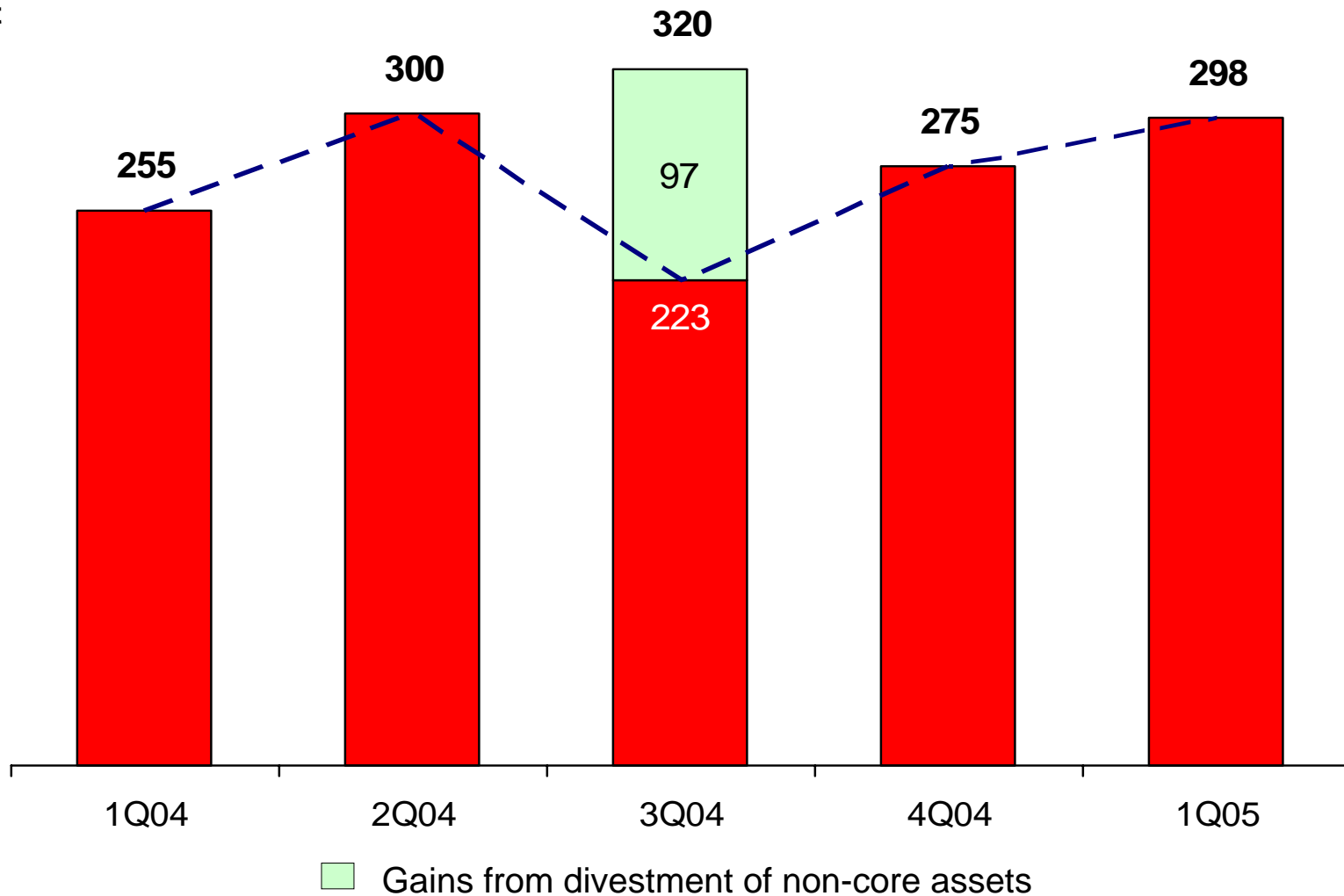
Provision Charges Remain Low

Provisions
(S\$m)

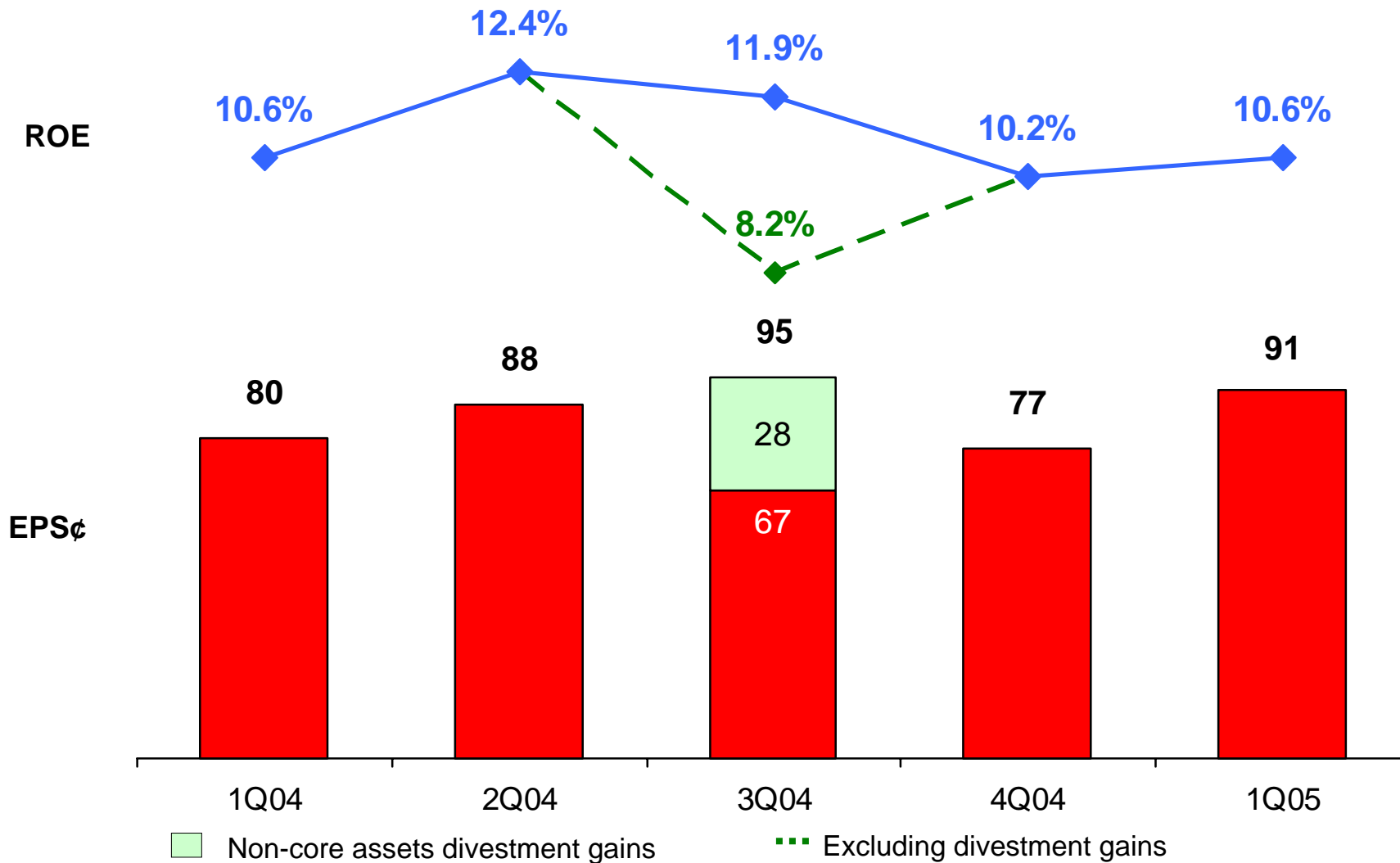


Net Profit

Net Profit
(S\$m)



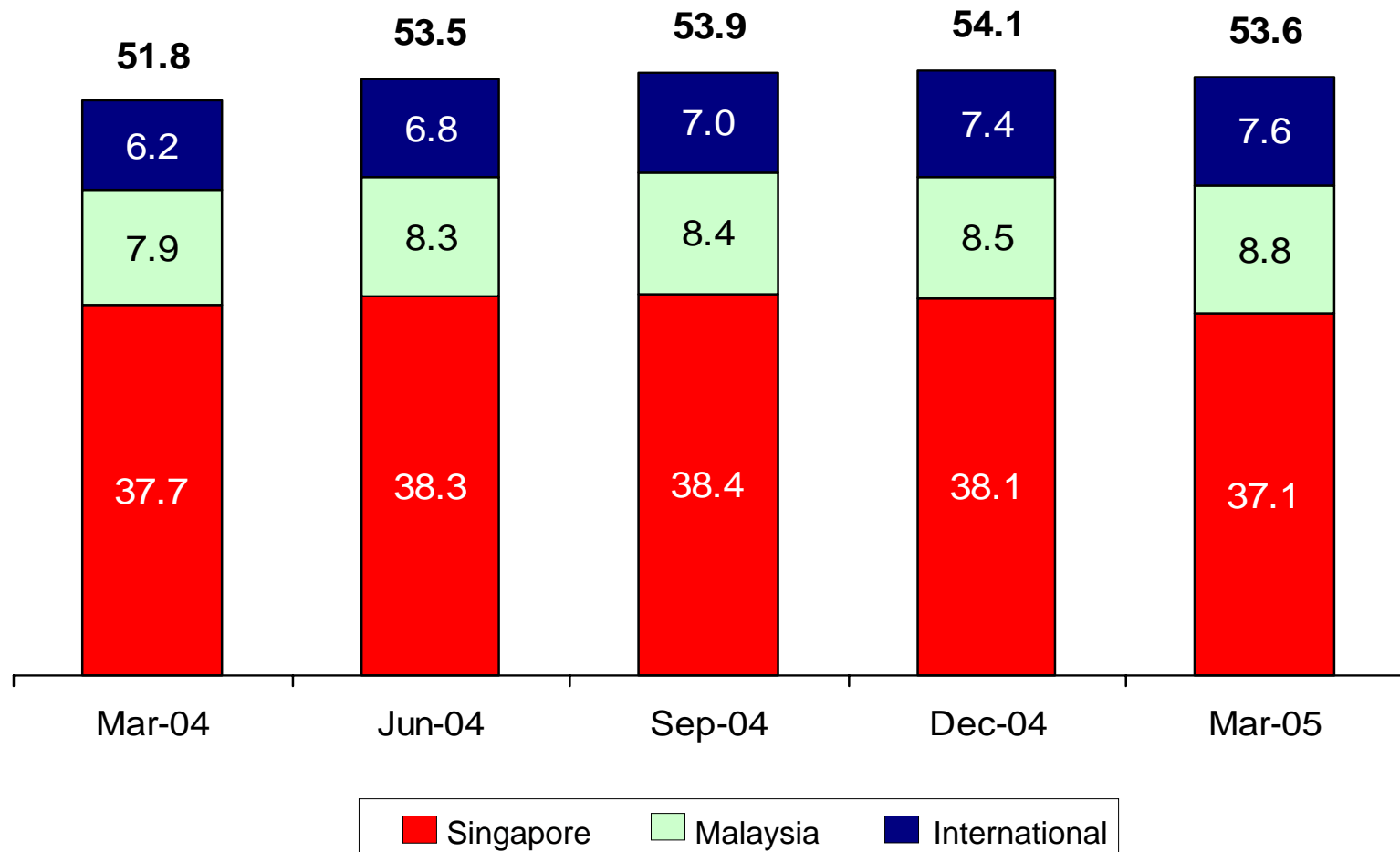
EPS and ROE



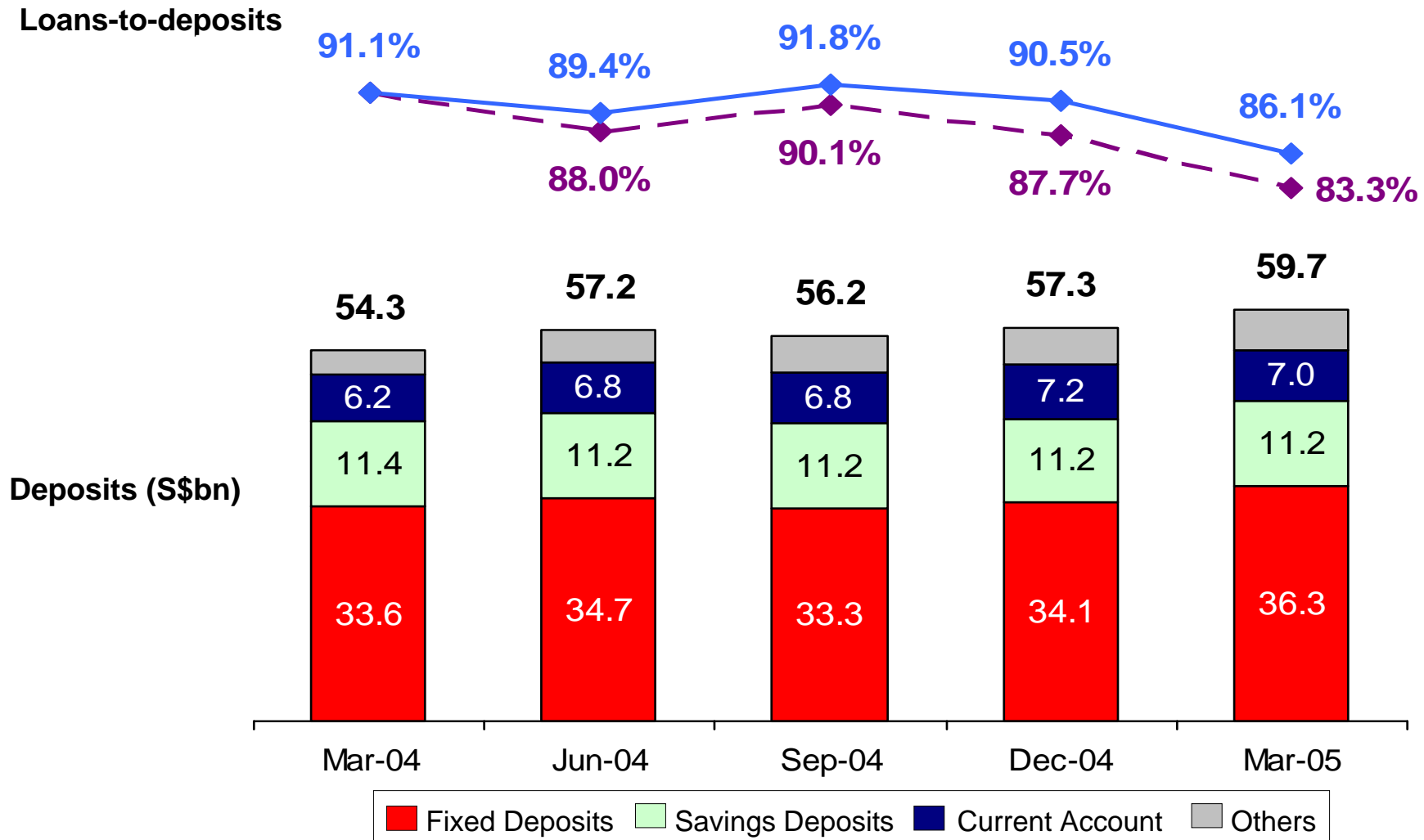
Note: Quarterly ROE and EPS are annualised; ROE refers to return on ordinary shareholders' funds

Subdued Domestic Loans Growth

Loans
(S\$bn)



Lower Loans-to-Deposits Ratio



... Including FRNs and ECPs

NPL Ratio Continues to Improve

NPL Ratio

6.7%

6.1%

5.4%

5.0%

4.8%

NPLs
(S\$m)

3,644

3,512

3,129

2,866

2,705

1,040

1,028

970

902

886

2,266

2,150

1,909

1,735

1,596

Mar-04

Jun-04

Sep-04

Dec-04

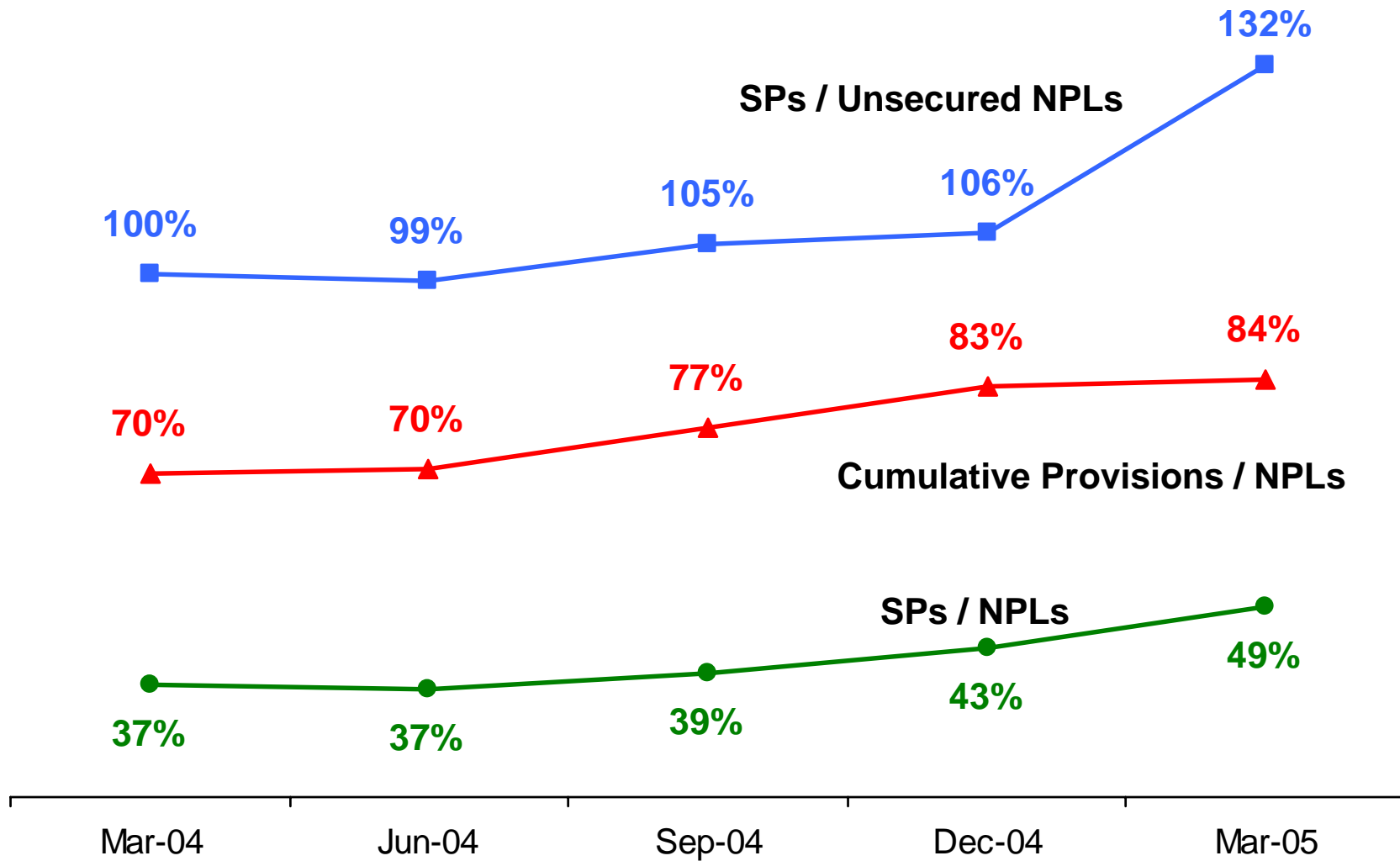
Mar-05

Singapore

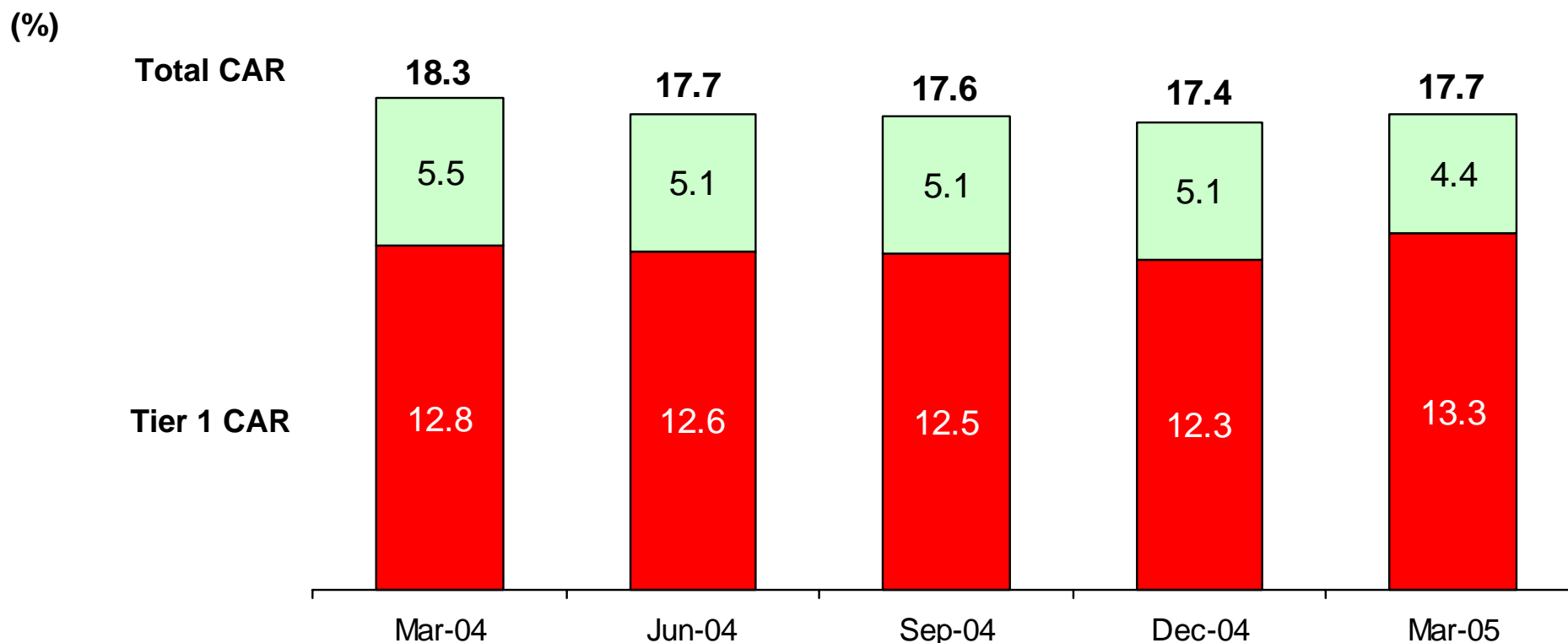
Malaysia

International

Strong Provision Coverage



Capital Position Remains Robust



(S\$m)

	Mar-04	Jun-04	Sep-04	Dec-04	Mar-05
Tier-1 capital	8,131	8,495	8,557	8,442	9,138
Risk Weighted Assets	63,372	67,483	68,672	68,737	68,546

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OCBC Malaysia's Net Profit Up 9% YoY



	1Q05	1Q04	YoY	4Q04	QoQ
<u>Unaudited Results*</u>	RM m	RM m	+/(-)%	RM m	+/(-)%
Net Interest Income	152	136	12	144	5
Islamic Banking Income	10	4	162	15	(36)
Non Interest Income	57	45	26	57	(0)
Total Income	218	185	18	216	1
Operating Expenses	(84)	(57)	48	(88)	(5)
Operating Profit	134	128	5	128	5
Provisions	6	(1)	n.m.	(76)	n.m.
Tax	(39)	(34)	14	(14)	179
Net Profit	102	93	9	38	168

* Based on Bank Negara Malaysia's guidelines and Malaysia accounting standards

OCBC Malaysia: Financial Ratios



	1Q05	4Q04	1Q04
<u>Unaudited Results*</u>	%	%	%
Net Interest Margin	2.44	2.36	2.21
Non-Interest Income / Total Income	26.0	26.3	24.5
Cost-to-Income Ratio	38.5	40.7	30.7
RM Loans-to-Deposits Ratio	87.1	83.1	77.7
Gross NPL Ratio	7.6	8.0	9.6
Loans Growth (QoQ)	3.0	4.5	1.3
ROE	24.9	9.5	21.9

* Based on Bank Negara Malaysia's guidelines and Malaysia accounting standards

GEH Contributed 19% of Group Net Profit



	1Q05	4Q04	1Q04
<u>GEH's Contribution to OCBC's Results^{1/}</u>	S\$m	S\$m	S\$m
Total Income	134	162	-
Operating Expenses	(21)	(24)	-
Operating Profit	113	138	-
Amortisation of Intangible Assets	(10)	(14)	-
Provisions	(0)	1	-
Tax	(21)	(38)	-
Minority Interests	(23)	(17)	-
Net Profit contribution as a subsidiary	58	69	-
Net Profit contribution as an associate	-	-	46
Total Net Profit contribution of GEH	58	69	46

^{1/} GEH was consolidated as a subsidiary from June 2004, and equity accounted as an associate prior to June 2004

Bank NISP Results

	1Q05	1Q04	YoY	4Q04	QoQ
<u>Unaudited Results*</u>	RP bn	RP bn	+/(-)%	RP bn	+/(-)%
Net Interest Income	172	145	19	170	1
Non Interest Income	96	41	133	66	46
Expenses	(148)	(107)	38	(112)	32
Operating Profit	120	79	52	124	3
Net Profit	93	55	69	89	4
Gross Loans	10,757	8,837	22	10,056	7
NPL Ratio (%)	1.26	1.19	+7 bps	1.01	+25 bps
Net Interest Margin (%)	4.36	4.47	-11 bps	4.66	-30 bps
ROE (%)	28.2	20.9	+7.3 ppt	26.9	+1.3 ppt

* Bank NISP's pretax profit was equity accounted as a 22.5%-owned associate in 1Q05, contributing S\$5m. Its results will be consolidated as a 51%-owned subsidiary from April 2005.

- ❑ **Earnings held up well despite higher cost of funds and keen competition**
- ❑ **More diversified earnings profile compared to a year ago**
 - **Malaysia operations continued strong performance and now account for 30% of our earnings (including GEH)**
 - **Insurance contribution from GEH lifted our non-interest income to 47% of total revenues**
- ❑ **Consolidation of Bank NISP as a subsidiary from April 2005 expected to further strengthen our earnings profile**

First Quarter 2005 Results

Thank You

